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Nigeria: The federal government appears to have gained control of the secessionist enclave.

Federal forces have apparently occupied all major towns and the two main secessionist airfields, as well as the Biafran radio station. The commander of the federal division that broke through Biafra's southern front yesterday broadcast an order to his troops to stop all tactical movement. The troops are to remain in their barracks. The commander personally guaranteed the safety of all people in the area. He said that federal police are to maintain law and order in the enclave. This commander appears to be trying to minimize contact between the Nigerian troops and the people in the heart of the Ibo homeland.

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An observer team [redacted] has visited the southern sector of the enclave. The team reported that there was no evidence that federal troops were mistreating former secessionists.

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*West Germany: Chancellor Brandt's state of the nation speech yesterday was an attempt to maintain the momentum of his Eastern policy in the face of [REDACTED]

[REDACTED]
multiplying demands from East Germany.

Brandt said that the East Germans' draft treaty is unacceptable, and that recognition of East Germany "is for us out of the question." He invited the East Germans, however, to enter talks on the renunciation of force and other matters. He also said that many principles of international law should be valid for East-West German relations, including equal treatment, respect for territorial integrity and frontiers, and the peaceful settlement of disputes. This position seems to admit the possibility of East-West German agreements valid under international law.

Brandt could be trying to encourage the other Warsaw Pact states to bring pressure on Pankow, as he pointed out that they had been more flexible, and had "understood the goodwill of the federal government, even though with some reservations."

[REDACTED]
[REDACTED]
[REDACTED] Brandt's speech broke West German precedent by making clear that German reunification is a remote goal.

*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Defense Intelligence Agency, Department of Defense.

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USSR: Soviet leaders seem unable to agree on policies to rescue their country's economy from the difficulties they admit are plaguing it.

An editorial in Pravda on 13 January gives a somber account of the economy in discussing last month's central committee plenum and Supreme Soviet session. Both meetings were devoted to the 1970 economic plan and budget, and the plenum heard a report by party chief Brezhnev on the Politburo's domestic and foreign policy.

The editorial notes the slow growth in labor productivity and specifies ministries that have failed to fulfill their tasks. It reports that the development of agriculture was criticized at the plenum and that a decline in the number of live-stock has led to food supply problems in major cities.

Pravda says that the difficulties result partly from the fact that the USSR has attained a new economic stage with new requirements. Efficiency, in its view, now replaces quantitative factors as the key to future development.

This diagnosis of the problem is not followed by any prescription, however. A skimpy reference to economic reform indicates that the party is not prepared to risk changing the system to achieve efficiency. Recent attacks in the State Planning Committee's journal against the "market socialism" of the Czechoslovak reformer Ota Sik evidently signal official opposition to a liberal direction in economics.

Indecision also marks the leaders' efforts to formulate a new five-year plan to start next year. Pravda says only that the plenum examined "certain important problems" concerning the plan. A planning official recently admitted that the government has still not decided what areas to emphasize during the new five-year period.

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Japan: Prime Minister Sato's new cabinet appointments reflect his increased strength and confidence as a result of the recent conservative electoral victory.

Sato, who was formally elected to his third term as prime minister yesterday, retained key members of his winning team in the new cabinet. Most of the new appointees are party veterans who have served in previous cabinets.

The most controversial appointment is the new agriculture and forestry minister, who was forced to resign from that same post in 1968 in the wake of public furor over his injudicious remark on the possible merit of Japanese nuclear rearmament. The new director of the Japan Defense Agency, Nakasone, is a leader of the conservative party's "new right" wing, and also advocates a more independent defense posture for Japan. His appointment reflects an accommodation by Sato to Nakasone's growing factional strength within the party.

The new cabinet lineup does not indicate any immediate shifts in domestic or foreign policy, although a number of the new appointees are relatively nationalistic. Furthermore, the new leadership array does not offer any evidence to support pre-election speculation that Sato might step down as prime minister, having achieved his major goal of Okinawan reversion. The impressive performance of Sato's conservative party in the elections last December undoubtedly will encourage him to continue in office.

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Cyprus: Acting President Clerides has moved vigorously to forestall violence.

Violence could peak today as it is an emotion-laden date for the Greek Cypriots, marking the 20th anniversary of their almost unanimous plebiscite vote for union with Greece. There is a possibility that the National Front, an ultranationalist group that favors union with Greece, will again bomb or sabotage British property on the island. According to Clerides, the government also has evidence that the National Front plans to strike at the island's communications, power, and water facilities. This has caused the government to accelerate its drive to pick up both illegal and registered arms. Large numbers of automatic and other weapons have been seized.

Clerides has abandoned an earlier plan to push for special legislation authorizing a 90-day detention of suspects. He is still trying to obtain permission for shorter-term preventive custody, however. He has also threatened ten-year prison sentences for those holding arms illegally.

President Makarios is due to return to Cyprus sometime this weekend. He will face the choice of continuing Clerides' drive against the extremist groups or of allowing matters to drift as they had before.

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Venezuela: An agreement for limited cooperation in congress between President Caldera's COPEI Party and the opposition Democratic Action Party (AD) should ease political tensions and help restore business confidence.

The Christian Democratic COPEI's position as a minority party resulted in a stalemate of its social and economic programs during the last session of congress. The AD probably realizes that its cooperation in congress is necessary to assure stability of the government and guard against the latent threat of military intervention. A close working arrangement would, however, be equally unattractive to both parties. The AD does not wish to be tainted with the government's failures, and COPEI does not wish to share credit for its successes. Nor does either party wish to obscure its ideological lines or its political image.

Despite these restraints on the degree of cooperation that is likely to be forthcoming, business interests view the agreement with relief because many of them believed that AD-COPEI cooperation was needed to maintain stability. The economy has lagged recently because of political uncertainties.

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Finland: During a visit last week to Belgium, Finnish Foreign Minister Karajalainen pressed his country's initiative for convening a European security conference in Helsinki. [REDACTED]

[REDACTED] not all states had sent written replies to his country's overture--made last May to all European states, the US, and Canada. Belgium will now respond.

[REDACTED]

[REDACTED] Karajalainen has staked considerable prestige on the initiative in the hope that it will redound to his and his party's political benefit in the parliamentary elections scheduled for March.

[REDACTED]

* * * *

India: A decline in exports will create additional balance of payments problems for India. Only a 3.3-percent export growth was achieved during the first six months of the fourth five-year plan. A modest seven-percent hike was anticipated. Moreover, increased sales of engineering goods, which were largely responsible for the rise, are expected to slow down appreciably. The Indian Government has asked firms not to book any new export orders because of domestic steel shortages, and, although the government plans to import steel, the tight world supply situation precludes any immediate relief. [REDACTED]

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